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The Director of Central Intelligence

Washington, D.C. 20505

Intelligence Community Staff

25 May 1977

MEMORANDUM FOR: See Distribution

FROM

:

Director of Performance Evaluation
and Improvement

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SUBJECT : PRM/NSC-11, Task 2

1. The Director of Central Intelligence will chair a meeting of the SCC Subcommittee on Task 2 of PRM/NSC-11 from 1300 to 1400 on Friday, 27 May 1977, in Room 6W02 of the Community Headquarters Building, [REDACTED]

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2. The purpose of the meeting will be to review the subject report (Tab B) and to provide guidance for final revisions.

3. Also attached (Tab A) is a proposed agenda of specific topics meriting review and guidance by the subcommittee.

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Attachment:

Tab A - Proposed Agenda

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Downgrade to UNCLASSIFIED
upon removal of Tab B.

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PRM/NSC-11, Task 2

SCC Subcommittee Meeting
27 May 1977

"The Roles of the DCI and US Intelligence:
An Organizational Analysis"

Proposed Agenda of Topics for Guidance

1. FORWARD (Page iii)

The FOREWARD makes the point that the tasked subject (focused on the DCI) and the drafting assignment of this report prevented full justice being done to the interests of other major authorities over US intelligence, particularly the Secretary of Defense. Is this caveat necessary or adequate? The Department of Defense has a short, but comprehensive paper on the views and concerns of the Secretary of Defense that might well serve as a parallel submission to this report.

2. EXECUTIVE SUMMARY (Pages iv-x)

This is new material, not previously reviewed by Subcommittee representatives.

3. SECTION II, Basic Criteria for Organizational Judgment
(Pages 5-11) (See footnote on Page 5.)

Is this section necessary or useful? The Department of Defense believes not.

4. Arms Control Monitoring and Verification (Pages 22-23)

This new, previously unreviewed, subsection covers a gap in earlier drafts. It has been suggested that a clearer distinction should be drawn between monitoring, which is an intelligence function, and verification, which is more a matter of political judgment and, therefore, the responsibility of the President, the National Security Council, and the Director of the Arms Control and Disarmament Agency.

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5. Requirements, Planning, Programming, and Budgeting Intelligence for the Future (Pages 35-41); and parallel text submitted by the Department of Defense for this subsection (Pages 41a-41d)

The Intelligence Community Staff draft, partly responsive to Department of Defense comments, tends to focus critically on the structural problems presented to the DCI by arrangements before and after Executive Order 11905. The Department of Defense draft tends to be less critical, emphasizes the potential of pre-Executive Order 11905 arrangements and the role of DCIs' personal proclivities, and the disadvantages of giving the DCI greater resource management responsibilities that may conflict with his other roles and intrude on departmental responsibilities. Subsection IV. C. 2. of the Assessment, pages 74-81, returns to these issues.

6. ANNEX: Figures, following Page 81.

Ten previously unreviewed figures are provided largely to present organizational and other data to the less informed reader that would otherwise burden an already lengthy text. Only Figure 6 should be contentious; it attempts to depict differing levels of DCI authority in Community management.

The Roles of the DCI and
U.S. Intelligence:
An Organizational Analysis

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EXECUTIVE SUMMARY

Intelligence is a diversity of collection and production organizations serving a variety of customers with varying needs.

-- The Central Intelligence Agency (CIA) and the position of the Director of Central Intelligence (DCI) were created to afford a degree of unity amid this organizational diversity.

-- The roles of the DCI and of the other officials with whom he interacts in this federated community of organizations evolved, and the size and diversity of US intelligence has grown over thirty years.

In recent years, largely as a result of this growth, questions have arisen about the adequacy of the organization and management of the Intelligence Community and of the role which the DCI plays within it. The key structural questions are:

-- whether the responsibilities of the DCI are clear and sound, particularly as they relate to intelligence entities within the Department of Defense;

-- whether the authorities and powers of the DCI are commensurate with his responsibilities.

Of the DCI's many roles, the most important are:

-- Principal advisor to the President and the National Security Council on foreign intelligence matters;

-- Producer of national intelligence;

-- Leader of the Intelligence Community;

-- Head of the CIA.

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The first of these roles has important implications for Community structure.

-- To the extent that there is a perceived need for someone to organize and manage the intelligence affairs of the US Government as a whole, there is a tendency to look to the DCI.

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-- In the view of some, however, this tendency raises serious questions about the wisdom of deepening the DCI's involvement in the management of other agencies' intelligence affairs, in light of his heavy substantive responsibilities.

The DCI's substantive role as producer of national intelligence originates with the duty given the CIA in the National Security Act of 1947 to "correlate and evaluate intelligence relating to the national security."

for the [-- Although there are weaknesses in this area, the DCI has, in most respects, the powers needed to remedy or alleviate problems; improvements are frequently more a matter of judgment and management attention than of authority.

-- However, the DCI has little power over the departmental contributors on which the analysis and production of national intelligence so heavily relies.

The DCI's resource management responsibilities in the Intelligence Community have two time dimensions: the use of existing collection and processing resources to meet current and near-term intelligence needs; and the development of new resources to meet future intelligence needs.

-- Centralized mechanisms for the guidance of major current collection activities exist at the national level, under the DCI, in the case of technical collection assets. Difficulties here arise not so much from lack of DCI authority or from failings of Community structure, although the fragmented structure of the Community has helped to instill in each collection discipline a disposition to want to manage its own affairs with

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only general guidance. The main difficulties are in defining problems and designing workable improvement mechanisms -- for example, managing collection tasking during the transition from peace to war and assuring reliable cooperation between the Community and overt human source collectors outside of intelligence (e.g., in the Foreign Service).

-- A greater challenge for US intelligence management is to develop the best overall mix of future capabilities needed to perform effectively at reasonable cost. But here too, efficient management is more than a matter of structure and authority; the most fundamental problem is one that is common to other functional programs in government: the absence of a set of measures for assessing the value of outputs and the relative contribution of inputs in terms that find general acceptance and lead to confident decisions. Z

In his role as head of the CIA, the DCI has strong management powers, but the augmentation of the DCI's role as Community leader has been perceived, in recent years, to cause increasing tension between the two roles.

-- Many in the Community see the DCI as bound to favor CIA in any Community deliberation on production, requirements, or resources in which CIA has an interest. See also

-- But part of the problem stems from the imbalance between the DCI's broad responsibilities and his more limited decisionmaking powers in the Community arena; this forces him into a position where he must appear to neglect the CIA to be effective as a negotiator in the Community. Z

-- Solutions to this problem go to the heart of the Community structure. O

Most of the DCI's other roles are subsidiary to these four primary ones and have fewer implications for Community structure.

-- As protector of the security of intelligence sources and methods, ~~the DCI has sought new legislation.~~

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~~to punish damaging disclosures of sources and methods information; other initiatives -- such as reinvigoration of the classification system within the Community -- are also needed.~~

-- The DCI is a participant in US foreign counterintelligence policies and activities; there is a clear need for a national level policymaking and coordinating structure in this area.

-- As guarantor of the propriety of US foreign intelligence activities, the DCI has an Inspector General and the normal mechanisms for discovery and investigation of impropriety within CIA; there is serious doubt as to whether he should be provided with direct authority over the Inspectors General of the independent agencies which have foreign intelligence responsibilities. } *z No*

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-- Occasional confusion about the DCI's responsibilities as coordinator of liaison with foreign intelligence services would appear to stem more from inadequate understanding of the existing division of responsibilities with other officials than from a need for new policies, directives, or structure.

-- With respect to his role as principal spokesman to the Congress on national foreign intelligence, one of the foremost problems for the future may be to find a way in which the DCI can respond to the proper demands of Congress without jeopardizing Presidential prerogatives and DCI relations with the Executive.

-- Regardless of the organizational configuration of the Intelligence Community, the DCI almost certainly will be expected to continue the trend toward greater openness and to accept a continuing role as public spokesman on national foreign intelligence.

Three basic criteria can be used in assessing the adequacy of various management and authority structures within the Community: propriety, effectiveness, and efficiency.

-- Assuring the propriety of intelligence activities is not primarily a matter of Community structure or authority. It is, rather, a matter

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of political standards, law and regulations, oversight, and professional ethics. Nonetheless, the DCI cannot be held directly responsible for the actions of agencies which he does not directly command. *But he is*

No -- Improving the overall effectiveness of national intelligence production does not rest mainly on structural change or redistribution of management authority. Improvement requires problem recognition and steady management effort at all levels and in all producing agencies. But efforts to improve intelligence production do have implications for Community structure, and changes in structure sought for other reasons could affect the quality of intelligence production. Effective service to consumers requires a diversified set of producing organizations, some of which are directly subordinate to consumer entities, all of which are able to act in concert when required. The Intelligence Community today affords such a structure.

-- Achieving the most efficient allocation of resources is mainly a matter of managing collection and processing resources, because that is where most of the money and manpower are. The challenge is to provide the necessary coverage of target problems and adequate service to consumers, while avoiding unnecessary effort and undesirable duplication.

Historically, US intelligence resource management has been largely decentralized, both in the Community as a whole and in the Department of Defense, where most of the resources reside. But pressures to centralize the process of managing those resources labeled "national" have been increasing for several years, culminating last year in Executive Order 11905.

-- Refinement of the programming and budget process created by that order is one way of enhancing the integrity of national intelligence resource management in the future; it has the significant virtue of an evolutionary approach that builds on existing organizations and accumulated experience.

As it now stands, however, the present system gives the DCI responsibilities that extend beyond his pure management authority to fulfill.

-- It obliges him to proceed on most matters by persuasion and negotiation. This means that, to a

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great extent, initiative in the process lies with program elements and with outside critics. As a by-product, this structure places significant strain on the DCI in discharging his dual roles as head of CIA and as Community leader.

-- At the same time, this system presents those department Secretaries having intelligence responsibilities, particularly the Secretary of Defense, with an awkward compromise of their statutory duty to manage and fund the programs under them, programs which they believe they must retain effective line control over in order to fulfill their missions.

Why? 77

Intelligence is a shaded continuum of activities, some of which probably cannot be managed as intelligence per se, so it probably is necessary to distinguish between kinds of intelligence for resource management purposes, and to accept some arbitrary dividing lines -- as between, for example, national and departmental, and national and tactical intelligence. Both within and across these divisions, four kinds or levels of authority can be distinguished, each level capturing the previous one, except where explicitness compromised by the rules of the chosen management process:

-- defining future requirements and priorities and issuing broad guidance for planning and programming;

-- reviewing and vetoing Community programs and budgets;

-- controlling programming and budget decisions; and

-- exercising line management, including operational control and personnel authority.

The DCI's power to define requirements and priorities that apply to intelligence capabilities is well established, but, given future uncertainties and the long lead times involved, that power is only a partial means of controlling future resource allocations.

-- Direct influence over programs and budgets is required to effect such control, either by unitary or by collegial decisionmaking methods.

The question, therefore, is: Should a single national intelligence resource manager have added programming and

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budgeting or total line authority over a set of organizations that can be seen, from at least one point of view, to make up a national whole? Or should all important elements of the national intelligence establishment located in departments, particularly NSA and other major technical collection programs in DOD, be seen primarily as integral to departmental missions and managed by the department as services of common concern? 8/

Efficient allocation of intelligence resources requires an orderly relationship between inputs (collection resources) and outputs (products).

-- The greater the separation of analysis and collection management responsibility, the more difficult it will be to assure such a relationship.

-- To be a strong Community leader, some contend that the DCI needs not less authority over his only present operating and "output" base, but more over other key Community elements, particularly on the "input" side.

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I. Introduction

Intelligence can be thought of as a service industry in government, a diversity of organizations serving a variety of customers with varying needs. At the origins of post-war US intelligence, Congress and the President responded to a strongly perceived need to create some degree of overall unity amid this departmental diversity. The Central Intelligence Agency (CIA) and the position of the DCI were created to afford a degree of unity -- as well as some independence from the policy process -- with respect to information and judgment on intelligence questions of national importance. In the intervening years, the size and diversity of US intelligence have grown. (See Figure 1 and other graphics at Annex for an indication of the size and diversity of today's Intelligence Community and its activities.) But so also have the pressures for unity amid diversity.* As the nation's senior, full-time functionary for national foreign intelligence, the DCI has been the focus of these pressures.** He is the President's principal advisor on foreign intelligence, and national intelligence of pre-eminently Presidential concern is produced under his authority. He has come to preside over Community mechanisms that decide how to use major technical collection capabilities on a day-to-day basis. Since the November 1971 directive of President Nixon, he has been increasingly expected by the President and the Congress to be the guiding authority with regard to programs and fiscal resources of US intelligence entities specified as national.

A direct line of authority runs from the President and his advisory body, the NSC, to the DCI and the CIA. Surrounding this line of authority, however, are a host of vital relationships with other entities of the Executive Branch which generate and receive intelligence. These other relationships do as much to shape the role of today's DCI as does his line command of CIA. For many years, CIA has itself been highly dependent on them. In recent years, they have been seen within CIA to strain the DCI's relationship with the Agency.

*DOD recommends deletion of this sentence.

**DOD recommends stating that "some believe" this assertion.

Of these other relationships, that with the Department of Defense (DOD) is the most significant and involved, strongly influenced by the fact that the Secretary of Defense, by virtue of his statutory responsibilities as head of the Department of Defense and member of the NSC, has his own direct line of authority from the President. Characterizing this relationship with the DOD goes a long way toward defining the role of today's DCI. It shall be treated further in following sections. Suffice it to say here that:

a. The DOD consumes the greatest volume of foreign intelligence. In scope and variety, DOD needs for intelligence approach those of the rest of the government combined. Many of its needs arising from force planning and operational action responsibilities are large and unique.

b. Much of the raw intelligence on which the performance of the DCI as an intelligence producer depends is collected and processed by intelligence elements within the DOD. The Secretary of Defense, for example, as executive agent of the Government for signals intelligence (SIGINT), manages the National Security Agency (NSA) as a service of common concern for all agencies and departments, within the basic requirements framework established by the DCI with the advice of the National Foreign Intelligence Board (NFIB).*

c. Defense intelligence production entities, in addition to supporting DOD consumers, play a major role in the development of national intelligence judgments through the NFIB and the medium of national intelligence estimates. In some areas of analysis, their contributions are unique.

d. Because nearly 80 percent of the National Foreign Intelligence Program (NFIP) is located in the DOD, it is with the intelligence authorities of this department that

*The Secretary of Defense is also executive agent for US communications security, advised by the US Communications Security Board.

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the DCI and his Community Staff must interact most intensely to develop the consolidated NFIP and budget.

e. It is in the relationship with DOD that the interwoven complex of national, departmental, and tactical intelligence needs and capabilities arises most sharply to complicate the definition of the DCI's role.

f. In the event of war, and even in some peacetime situations, the DCI's role could conflict with that of the Secretary of Defense.*

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Small in size and specialized in interest, the intelligence elements of the Treasury Department, Energy Research and Development Agency (ERDA), and Federal Bureau of Investigation (FBI) flesh out the formal intelligence relationships of the federation of agencies which has come to be called the Intelligence Community. These latter agencies and the departments they serve have increased in importance as intelligence has had to diversify into new areas of international economics,

*DOD recommends stating that the DCI's "priorities" could conflict with those of the Secretary of Defense.

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nuclear proliferation, terrorism, and international narcotics traffic.

Finally, other departments and agencies outside the Intelligence Community -- the Department of Agriculture, the Department of Commerce, the Arms Control and Disarmament Agency (ACDA), the United States Information Agency (USIA), and others -- are collectors as well as important consumers of foreign intelligence (See Figure 2 for an overview of the Governmental components which have foreign reporting capabilities.)

The purpose of this report is essentially to describe and assess the unifying roles of the DCI, along with other, in some respects conflicting, roles which he has. Such an assessment of the roles of the DCI is essential to deciding anew the more basic questions:

a. What degree, extent, and kind of unity should be sought in the inherent diversity of US intelligence?

b. Who should be responsible for it, and with what powers?*

*DOD recommends deletion of this paragraph or insertion of the verbatim text of PRM/NSC-11, Task 2, as follows:

The purpose of this report is to "review the responsibilities and powers of the Director of Central Intelligence in his role as Foreign Intelligence Advisor to the President, central authority for the production of national intelligence and manager of the national foreign intelligence program and budget. This examination should include an analysis of the mechanisms for:

- planning, evaluating, and improving the Intelligence Community performance;
- identifying intelligence requirements and tasking all sources;
- processing, analyzing, producing and distributing intelligence for anticipated activities, warning, crisis support, current and estimative intelligence and net assessments;
- evaluating intelligence production performance."

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II. Basic Criteria for Organizational Judgment*

In understanding or structuring any management system, a first task is to establish the functioning spheres of responsibility and authority, and their limits -- essentially how the cloth is divided. The second task is to establish how and to what extent that cloth is sewn back together in order to overcome the negative aspects of necessary divisions of responsibility and to make the parts function as a whole. This is a large challenge for US intelligence because of institutional and functional diversity and the countervailing necessity that the parts interact as a whole.

One approach that can be used to rationalize Community structure is to argue distinctions between national, departmental, and tactical intelligence. This tripartite formula arises largely from the relationship of the DCI and the DOD, and is reflected as well in the intelligence-related functions of other departments, e.g., in the reporting of Foreign Service Officers or Commercial attaches. This formula has serious weaknesses and frequently confuses more than it clarifies. Defining the terms usually obliges use of other terms left undefined. For example, it is said that national intelligence is that intelligence needed by the President, the NSC, and senior US officials to make national policy decisions. But what are national policy decisions? They are decisions those officials want and are able to make; they frequently reach deep into the affairs of departments and can dictate the tactics of military and diplomatic actions. Further complications arise, for example, within the SIGINT Community, where it

*This section is an attempt to develop a broad frame of reference for judging organizational and related issues involving the roles of the DCI. It attempts to respond to instructions voiced by DOD and State representatives at the 1 April 1977 meeting of the DCI-chaired SCC subcommittee on PRM/NSC-11, Task 2, for a statement of criteria related to the basic purposes of intelligence.

DOD asserts that this section is highly theoretical, abstract, and quite beyond the scope of PRM-11. DOD judges it to be irrelevant and recommends that it be deleted or else labeled an IC Staff view.

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is asserted that targets and collection assets are best distinguished along global and local -- rather than national, departmental, or tactical -- lines.

The essence of the organizational problem in intelligence is that these concepts overlap extensively in meaning, at least some of the time. The needs of consumers overlap. The President is always interested in broad assessments of Soviet foreign and military policy. But in a crisis at sea, he is likely to be interested in the exact location of specific naval combatants, a seemingly tactical issue. By the same token, a field commander or foreign mission chief needs broad strategic assessments, as well as tactical information. The uses to which a given intelligence fact or judgment can be put also overlap in the tripartite formula. An assessment of the hardness of Soviet missile silos, for example, can be of direct value to the operational planner of strategic strikes, to the force planner, to strategy and national policy planners, and to the arms controller; the President is likely to be interested in all these applications. The organizations and systems that collect intelligence data also overlap the categories of national, departmental, and tactical. This is particularly true with emergent space-based reconnaissance systems that may monitor arms control agreements, collect order of battle data, supply warning, and support tactical military operations.

Thus, the key organizations and systems of US intelligence can or do play extensively overlapping roles at different times. Although only imprecisely, one can distinguish among primary and secondary missions of major organizations in terms of the national, departmental, and tactical formula. But this does not resolve all cases; it leaves a middle ground for argument and a poor basis for organizational judgment.

Organization is about management, and management is about basic purposes and standards of performance. Organizational judgment must be based on a clear understanding of basic performance criteria that do or should govern US intelligence. Three such criteria are propriety, effectiveness, and efficiency.

Propriety demands that US intelligence be conducted in conformity with the legal and political standards of our country as interpreted by proper authority. In today's conditions, propriety may tend to conflict with effectiveness and efficiency by restricting certain means of collecting or

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using intelligence or forbidding the collection or use of certain kinds of intelligence. It tends to conflict with intelligence requirements for secrecy on which effectiveness and efficiency depend. Assuring the propriety of US intelligence in appropriate balance with conflicting considerations is not essentially a matter of organization, although clear lines of command and management responsibility ease this task. This is essentially a matter of:

- a. establishing a sound environment of law and regulations;
- b. establishing sound oversight or policing mechanisms within and outside intelligence organizations; and
- c. cultivating appropriate professional and managerial ethics within intelligence entities.

Establishing the demands of propriety on intelligence and assuring that they are met is a matter demanding careful thought and high-level decision. But because few organizational issues are raised, this subject will not be treated extensively in this report.

The concept of effectiveness in intelligence management is output or product oriented. It is, therefore, preoccupied with consumers and with how well they are being served -- with who the consumers are, what they need, when they need it, and why they need it. As already indicated, US intelligence serves a great variety of consumers with a great diversity of needs. Within the Executive Branch, they can be arrayed in terms of the following rough hierarchy:

- a. the President, the NSC, and Cabinet-level decisionmakers; those who decide the policies of the Administration on foreign, military, arms control, and foreign economic matters, and on crisis management.
- b. policy and strategy planners; option developers; force posture, major program, and budget developers; planners of negotiations; those who present the Presidential and NSC level with structured choices on broad policy issues and crisis options.
- c. central implementers of policy and operational

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planners in foreign, military, and foreign economic areas;

d. field and tactical decisionmakers; policy or plan implementers, e.g., diplomats, negotiators, and military commanders.

These kinds of intelligence consumers are found, of course, in the main departments of the US national security establishment: the Executive Office of the President and the NSC Staff, State, Defense, ACDA, and, to a lesser extent, in most other departments and several regulatory agencies. One must also count Congress as a substantial consumer of intelligence, and, to a degree, the public, which receives much of its information about events overseas, at least about the Communist world, indirectly from US intelligence. Finally, because it must store up information and analysis to meet future or unexpected needs, intelligence is itself a major consumer of intelligence end products.

But service to the policymaking entities of the Executive Branch is the measure of effectiveness in intelligence. Their needs for intelligence are without limit in principle and constantly growing in practice. They touch upon all areas of the globe and embrace most fields of human knowledge.

Effective service to intelligence consumers dictates a number of organizational principles:

a. The service or output end of intelligence must be highly diversified and relatively specialized to meet the diverse special needs of consumers. This demands specialized intelligence production support to departments, agencies, subcomponents, commands, etc. -- size, scope, and level depending on the case. The Defense Intelligence Agency (DIA), INR, the Foreign Technology Division of the Air Force, and ERDA's intelligence element are examples of the varying levels of support necessary to meet the specialized needs of departments.

b. In addition to expert and objective analysis from departmental intelligence agencies, the President and the NSC, along with other major consumers, need a source of intelligence that is independent of policy institutions, broadly competent, and available to

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support them directly, as a first priority. This principle justifies CIA's role as a producer of finished intelligence.

c. To the extent practicable and consistent with security, the system must fully share information within itself. All production entities in a given subject area should share the same data and analysis. ✓✓

d. The Community must have the means to come together to render a collective judgment or disciplined disagreement on vital intelligence issues. This is essentially what national estimates and other inter-agency products have been intended to do.

e. The Community should be structured so that collection is as responsive as possible to producer and consumer needs. ✓✓

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These principles lead naturally to a substantial amount of competition among intelligence agencies. It is the belief of intelligence professionals and critics alike, however, that, unless simply duplicative, such competition is almost always healthy, necessary, and affordable. Of course, effective intelligence support to consumers depends on a great many considerations other than organizational structure. But the structure for producing intelligence within the US Government must reflect the above principles to be effective at all.

The criterion of efficiency in US intelligence is concerned with resources, the processes whereby they are employed, and their impact on production. After two decades of organic growth during the Cold War, concern for efficiency in Community-wide resource management is a comparatively recent phenomenon, accompanying a general skepticism about national security spending and a downturn over the last half-dozen years in real outlays for intelligence. Critical scrutiny of intelligence behavior by Government and the public has intensified the concern with efficiency in the last few years. In the 1970s, two Presidential initiatives relating to Community authority structure, in 1971 and 1976, were wholly or partly directed at improving the efficiency of Community resource management.

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Efficient management of intelligence resources proceeds in two connected dimensions. Existing resources must be optimally deployed and operated to meet existing intelligence needs according to a priority scheme that managers can base predictions on but that is still flexible. At the same time and largely by the same set of managers, decisions must be made as to what magnitude and mix of resources should be mobilized for the future. How these two kinds of decisions are reached in the Intelligence Community will be discussed in the next section (see p. 28). Again, however, some attempt to state first principles can help one to understand and judge present arrangements.

Intelligence resource management is largely a matter of managing collection and processing resources, because that is where most of the money and manpower are. Many collection assets are developed to gain broad access (e.g., a broad area imaging system) or potential access (e.g., an agent with a promising future or a regional clandestine capability). Broad access systems require extensive selection and processing for useful data, not all of which can be successfully processed. Potential access capabilities may or may not yield as anticipated. Moreover, intelligence is a form of conflict. Those managing intelligence resources are in reality doing battle with others in the world whose main aim in life is to frustrate the formers' efforts. These conditions challenge the quest for efficiency and should induce a certain modesty in one's goals.

In terms of structure, efficient management of current resources against current needs means giving control to the party with the incentive to seek and the capability to approximate the best allocation. To the extent intelligence collection and processing resources are expensive and scarce, relative to perceived needs, there is a tendency to centralize control. But other factors limit such centralization. Control may need to be contingent on changing conditions in the case of capabilities with varied application. The question thus arises of shifting control of certain national collection assets from the DCI in peace to military authorities in war. Some collection capabilities, such as tactical reconnaissance organic to combat forces, are justified solely for the contingency of war support to those forces and must be controlled and subordinated accordingly. Some degree of decentralization is reasonable in intelligence processing (e.g., photo interpretation, signals analysis, document translation) to achieve focus and promptness in the service of analytic users.

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Assigning responsibility for programming future intelligence resources for efficient satisfaction of future needs is essentially a matter of deciding what should be traded off against what, to maximize what value. What should a given program element compete against in order to justify itself? And for what goals? Desirable multipurpose capabilities may have to compete simultaneously in several trade-off and value markets.

7 | This logic would insist that the DCI and the main departmental custodian of intelligence assets, DOD, should be running materially different resource trade-off markets. The DCI should be expected, in the main, to trade off intelligence resources against other intelligence resources; the DOD, on the other hand, should generally be expected to trade off intelligence resources against military forces and support programs. Others hold, however, that the DOD is, in fact, a diversified market place in which multipurpose intelligence assets can be realistically assessed both in terms of comparative intelligence value and value to operating forces. B
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It should also be noted that the care and incentives applied to the trade-off of interests may vary with the size of the intelligence package relative to the money market in which it competes. The DCI market place is 100 percent intelligence; the DOD market place is less than 5 percent intelligence (see Figure 3). This, of course, does not preclude someone at an appropriate level in DOD from paying 100 percent attention to intelligence resources.

Any system for allocating intelligence resources must balance contending claims from many users of intermediate and final intelligence products with a central authority capable of resolving disputes in a rational manner. It must also balance rigorous assessment of costly initiatives with enough flexibility or permissiveness to permit initiatives to be pursued in the face of uncertainty.

III. The Roles of the DCI

The only responsibility specifically assigned to the DCI by statute is the charge in the National Security Act of 1947 that he "shall be responsible for protecting intelligence sources and methods from unauthorized disclosure." But the Act also designates the DCI as head of the CIA, so the duties that the Act gives to the CIA are, in practice, DCI responsibilities. The DCI's roles are an assemblage of responsibilities, powers, policies, actions, and implementing institutions which have evolved over the past three decades. This section examines ten key roles of today's DCI. They are:

- a. Principal advisor to the President and the NSC on foreign intelligence affairs;
- b. Producer of national intelligence;
- c. Leader of the Intelligence Community;
- d. Head of CIA;
- e. Protector of the security of intelligence sources and methods;
- f. Participant in US counterintelligence policies and activities;
- g. [Guarantor of] the propriety of foreign intelligence activities;
- h. Coordinator of liaison with foreign intelligence services;
- i. Principal spokesman to the Congress on national foreign intelligence;
- j. Principal spokesman to the public on national foreign intelligence.

In discussing each role, an attempt will be made to identify its basis in law or executive order; explain what the role consists of and what organs are involved; describe its problems, shortfalls, and tensions; and explore, where relevant, its implications for Community structure. [As instructed, this report does not address the DCI's role as coordinator of covert actions, which are treated in other portions of the PRM/NSC-11 response.]

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IV. Assessment

Section II of this report advanced three basic criteria for assessing the adequacy of intelligence management and authority structures:

- a. Propriety of intelligence activities with respect to legal and political standards.
- b. Effectiveness in the provision of needed intelligence to all Government users.
- c. Efficiency in the use and mobilization of intelligence resources, particularly the expensive collection and processing resources.

This section attempts to summarize and assess the problems of the Community in meeting these criteria, to determine how DCI responsibilities respecting them compare to his powers and Community structure, and to identify causes of problems that may not involve Community structure and authority. Specific options for changing Community structure and other innovations are treated in other portions of the response to PRM/NSC-11.

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The Director of Central Intelligence

Washington, D.C. 20505

Intelligence Community Staff

29 May 1977

MEMORANDUM FOR: Director of Central Intelligence
Assistant Secretary of Defense (International
Security Affairs)

25X1 FROM :
Director of Performance Evaluation
and Improvement

SUBJECT : PRM-11, Task 2 Report

1. Here is the Sunday, 29 May 1977, revision of the subject report responsive to the 27 May meeting and subsequent consultations.

2. Important changes responding to DOD, made in consultation with Captain Doerr on Saturday, 28 May, are marked in green on the right. Important changes responsive to instructions from the DCI, as well as my own guess as to what DOD would wish to say in reply, are marked in red.

3. The FOREWORD and the EXECUTIVE SUMMARY have been extensively revised to reflect the sharpened differences expressed in the above changes.

4. Believing that the last word on these controversies must lie in Task 3 and that further exchanges will not improve this paper, I recommend that the report be approved for transmission to the National Security Council as the final response to Task 2 of PRM/NSC-11.

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The Director of Central Intelligence

Washington, D.C. 20505

Intelligence Community Staff

28 May 1977

MEMORANDUM FOR: Director of Central Intelligence

25X1 FROM :
Director of Performance Evaluation
and Improvement

SUBJECT : Fixes on PRM-11, Task 2 Report

1. The meeting of 27 April left two incompatible objectives for fixing this report:

a. Compromising the remaining Department of Defense complaints;

b. Adjusting to your very basic complaints about the paper's judgments and tone as reflected in your marginalia and comments at the meeting.

2. The only way out of this box I see is to highlight sharp differences between the DCI and the Department of Defense on a few key issues and reflect these differences in the Summary.

3. The attached is my effort to infer your basic views on the key issues and, where appropriate, language that I am sure the Department of Defense would insist upon by way of counterpoint.

25X1 4. I would appreciate it if you would advise me as soon as possible whether I am on the right track. To meet the 1 June deadline, revision and retyping are already underway.

Attachment:
As Stated

[Handwritten Signature]

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28 May 1977

Issues and Arguments

1. Issue: Because the DCI is the President's principal foreign intelligence advisor and the senior full-time intelligence officer of the United States, there is a natural tendency to look to him for better Community resource management.

Argument: "In one view, held by the Department of Defense, this tendency can lead to an unwise deepening of the DCI's involvement in the management of other agencies' intelligence affairs, and an unhealthy dilution of the DCI's primary substantive role. In another view, held by the DCI, this tendency is both natural and legitimate; the resulting expansion of DCI responsibility can be appropriately addressed through delegation of duties as in the case of any range of management functions in Government."

2. Issue: Some (i.e., the Department of Defense) argue that the DCI's growing involvement in Community resource management will detract from his substantive role.

Argument: "The DCI, however, sees no conflict between his substantive duties and his Community management role; he believes, rather, that they are fully complementary."

3. Issue: Is a larger DCI role in managing resource allocations sensible and compatible with other roles?

Argument: "The DCI believes that his function as the senior national intelligence officer of the Government naturally and legitimately includes responsibility for better management of Community resources; with appropriate structures and authorities, he can fulfill these responsibilities in harmony with his other duties."

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4. Issue: Propriety, the paper asserts, is not mainly a matter of structure and authority, although clear lines of command and management responsibility are necessary. Propriety is also a matter of sound law, regulation, oversight, and professional ethics.

Argument: "Although legal responsibility for the propriety of intelligence operations runs from the President down through the line managers of the several intelligence agencies, the DCI believes that the President, the Congress, and the public expect him to act as virtual guarantor of the propriety of all United States' national foreign intelligence activities below the President. In the DCI's view, his authorities to satisfy these expectations are now less than adequate except in the case of CIA."

5. Issue: The federated structure of the national intelligence production community is basically appropriate to meeting the diverse needs of consumers, according to the paper. Most inadequacies of production are a matter of management attention and judgment rather than authority structure.

Argument: "The DCI believes that the diversified structure of the national intelligence production Community existing today is generally sound. In his view, however, more effective national intelligence production requires enhancing the DCI's authority to:

- a. Task Community production elements outside CIA;
- b. Task national collection assets that lie outside CIA;
- c. Control the program management of the major NFIP elements.

DOD disagrees with this view. It believes, moreover, that such enhancements of DCI authority could materially degrade the responsiveness of DOD collection and production elements to DOD needs."

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6. Issue: According to the paper, the Community affords a basic framework and gives the DCI appropriate authorities to make current collection activities responsive to the DCI and the diverse consumer elements they serve.

Argument: "In the DCI's view, however, enhanced DCI direct tasking or line authority over major national collection entities may be required in practice to improve their responsiveness to all consumers. On the other hand, DOD is concerned that such enhanced DCI authority could work to reduce the responsiveness of those entities in DOD to DOD needs."

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